Blackburn Law

VIA EMAIL

September 25, 2015

Ms. Doreen Friis
Regulatory Affairs Officer/Clerk
Nova Scotia Utility and Review Board
1601 Lower Water Street, 3rd Floor
Halifax, NS B3J 3S3
Dear Ms. Friis:

Re: EfficiencyOne Compliance Filing / M06733

Specific Compliance Filing Comments
The Small Business Advocate (SBA) offers the following comments specific to items within the EfficiencyOne Compliance Filing of September 15, 2015.

1. The issue of flexibility in deviating from specific approved budget filings by programs was a concern by the SBA and others in this Matter, so called Mid-Course Adjustments. The SBA supports EfficiencyOne's request made for clarity from the Board on this issue. The SBA asks also that the Board consider, in deriving clarity on the issue, the specific wording on this issue within the Consensus Settlement Agreement. EfficiencyOne has included this on page 9 of 30 lines 19-23 of is compliance filing. The SBA recognized in participating in this settlement the need for EfficiencyOne to act swiftly to implement changes and the benefits of advanced notice to the Board. There are instances where the advanced notice requirement of the decision would slow the improvement of the EfficiencyOne programs.

2. The SBA finds it curious that in implementing the reductions to the budgets, as shown on pages 3-5 of 30, Figures 1.1 to 1.3, that Efficiency One has chosen to increase the proposed budget for the Residential Efficiency Rebate Program, despite its relatively lower results from both the Total Resource Cost (TRC) Test and the Program Administrator Cost (PAC) Test when compared to other program funding. This is the only program to have its budget raised with the Compliance Filing.

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3. The lack of Rate Impact analyses in the compliance filing, which was also absent within the original filing, is a concern. The issues of lost fixed cost recovery and the uncertainty of cost allocation and recovery on a rate class specific basis are contributing to EfficiencyOne's omission of this important analysis. The SBA has more general concerns on this issue below.

4. The SBA looks forward to working with EfficiencyOne in 2016 on the Small Business Energy Study as noted on page 27 of 30 of the Compliance Filing.

Concerns about Future Cost Allocation and Recovery Uncertainty

The SBA is limited in its review and comment on spending levels for EfficiencyOne programs on a total level. It is difficult for comment and review on specific program budgets and objectives without some indication from the Board and NS Power with regards to cost recovery. As we stand today, no one knows how much, if at all, of the costs NS Power incurs in making payments to EfficiencyOne will be specifically recovered from which rate classes. The SBA on behalf of its small businesses classes can only speculate as to how much their rates will be affected by approving these costs for NS Power, in making payments under the Supply Agreement in the Compliance Filing.

The primary scenarios of cost recovery that the SBA can envision are:

1. The specific annual amounts of NS Power payments to EfficiencyOne, including the recovery of any deferred costs, are not enough to trigger a NS Power General Rate Application. This essentially results in an unidentified cost recovery for specific rate classes as NS Power's then current rates would remain in effect.

2. NS Power payments to EfficiencyOne under the budgets contained within the Supply Agreement of the Compliance Filing are a component of the costs that make up NS Power's revenue requirement justification in a General Rate Application. The cost allocation and recovery plan that NS Power would include in the GRA is unknown at this time. Thus, we can only assume that the cost recovery from rate classes will be equal to one of the two scenarios below or some other combination.

    a. Cost recovery from specific rate classes is based upon a specific Board approved cost allocation methodology, or

    b. Cost recovery is not specifically defined if the result of the GRA is a general rate increase such as an equal percentage applied to all rate classes.

The SBA recognizes that a cost recovery plan was not included in the Board's decision. The SBA recognizes that cost recovery proposals should be the responsibility of NS Power and not EfficiencyOne, as was the case with predecessor organizations. The SBA recognizes that NS Power is not making a Compliance filing, nor required to make cost recovery proposals at this time. However, the SBA asks the Board to address in the near future, the fundamental cost recovery philosophy that will be eventually used for EfficiencyOne's program costs. Without this knowledge the SBA cannot know the true effect program budgets will have on the rate classes which contain the small business classes it represents.

The SBA is grateful for the opportunity to submit these comments.

All of which is respectfully submitted.

E.A. Nelson Blackburn, Q.C.
Small Business Advocate